

Small Business Administration

Pt. 107

- (b) Tobacco products;
- (c) Pornographic or sexually explicit objects or services;
- (d) Gambling (including raffles and lotteries);
- (e) Parties primarily for the benefit of Government employees; and
- (f) Any other product or service prohibited by law or policy.

PART 107—SMALL BUSINESS INVESTMENT COMPANIES

Subpart A—Introduction to Part 107

Sec.

- 107.20 Legal basis and applicability of this part 107.
- 107.30 Amendments to Act and regulations.
- 107.40 How to read this part 107.

Subpart B—Definition of Terms Used in Part 107

- 107.50 Definition of terms.

Subpart C—Qualifying for an SBIC License

ORGANIZING AN SBIC

- 107.100 Organizing a Section 301(c) Licensee.
- 107.115 1940 Act and 1980 Act Companies.
- 107.120 Special rules for a Section 301(d) Licensee owned by another Licensee.
- 107.130 Requirement for qualified management.
- 107.140 SBA approval of initial Management Expenses.
- 107.150 Management-ownership diversity requirement.
- 107.160 Special rules for Licensees formed as limited partnerships.

CAPITALIZING AN SBIC

- 107.200 Adequate capital for Licensees.
- 107.210 Minimum capital requirements for Licensees.
- 107.230 Permitted sources of Private Capital for Licensees.
- 107.240 Limitations on including non-cash capital contributions in Private Capital.
- 107.250 Exclusion of stock options issued by Licensee from Management Expenses.

APPLYING FOR AN SBIC LICENSE

- 107.300 License application form and fee.

Subpart D—Changes in Ownership, Control, or Structure of Licensee; Transfer of License

CHANGES IN CONTROL OR OWNERSHIP OF LICENSEE

- 107.400 Changes in ownership of 10 percent or more of Licensee but no change of Control.
- 107.410 Changes in Control of Licensee (through change in ownership or otherwise).
- 107.420 Prohibition on exercise of ownership or Control rights in Licensee before SBA approval.
- 107.430 Notification to SBA of transactions that may change ownership or Control.
- 107.440 Standards governing prior SBA approval for a proposed transfer of Control.
- 107.450 Notification to SBA of pledge of Licensee's shares.

RESTRICTIONS ON COMMON CONTROL OR OWNERSHIP OF TWO OR MORE LICENSEES

- 107.460 Restrictions on Common Control or ownership of two (or more) Licensees.

CHANGE IN STRUCTURE OF LICENSEE

- 107.470 SBA approval of merger, consolidation, or reorganization of Licensee.

TRANSFER OF LICENSE

- 107.475 Transfer of license.

Subpart E—Managing the Operations of a Licensee

GENERAL REQUIREMENTS

- 107.500 Lawful operations under the Act.
- 107.501 Identification as a Licensee.
- 107.502 Representations to the public.
- 107.503 Licensee's adoption of an approved Valuation Policy.
- 107.504 Equipment and office requirements.
- 107.505 Facsimile requirement.
- 107.506 Safeguarding Licensee's assets/Internal controls.
- 107.507 Violations based on false filings and nonperformance of agreements with SBA.
- 107.509 Employment of SBA officials.

MANAGEMENT AND COMPENSATION

- 107.510 SBA approval of Licensee's Investment Adviser/Manager.
- 107.520 Management Expenses of a Licensee.

CASH MANAGEMENT BY A LICENSEE

- 107.530 Restrictions on investments of idle funds by leveraged Licensees.

BORROWING BY LICENSEES FROM NON-SBA SOURCES

- 107.550 Prior approval of secured third-party debt of leveraged Licensees.
- 107.560 Subordination of SBA's creditor position.
- 107.570 Restrictions on third-party debt of issuers of Participating Securities.

VOLUNTARY DECREASE IN LICENSEE'S REGULATORY CAPITAL

- 107.585 Voluntary decrease in Licensee's Regulatory Capital.

REQUIREMENT TO CONDUCT ACTIVE INVESTMENT OPERATIONS

- 107.590 Licensee's requirement to maintain active operations.

Subpart F—Recordkeeping, Reporting, and Examination Requirements for Licensees

RECORDKEEPING REQUIREMENTS FOR LICENSEES

- 107.600 General requirement for Licensee to maintain and preserve records.
- 107.610 Required certifications for Loans and Investments.
- 107.620 Requirements to obtain information from Portfolio Concerns.

REPORTING REQUIREMENTS FOR LICENSEES

- 107.630 Requirement for Licensees to file financial statements with SBA (Form 468).
- 107.640 Requirement to file Portfolio Financing Reports (SBA Form 1031).
- 107.650 Requirement to report portfolio valuations to SBA.
- 107.660 Other items required to be filed by Licensee with SBA.
- 107.670 Application for exemption from civil penalty for late filing of reports.
- 107.680 Reporting changes in Licensee not subject to prior SBA approval.

EXAMINATIONS OF LICENSEES BY SBA FOR REGULATORY COMPLIANCE

- 107.690 Examinations.
- 107.691 Responsibilities of Licensee during examination.
- 107.692 Examination fees.

Subpart G—Financing of Small Businesses by Licensees

DETERMINING THE ELIGIBILITY OF A SMALL BUSINESS FOR SBIC FINANCING

- 107.700 Compliance with size standards in part 121 of this chapter as a condition of Assistance.
- 107.710 Requirement to finance smaller enterprises.
- 107.720 Small Businesses that may be ineligible for financing.

- 107.730 Financings which constitute conflicts of interest.

- 107.740 Portfolio diversification ("overline" limitation).

- 107.750 Conditions for financing a change of ownership of a Small Business.

- 107.760 How a change in size or activity of a Portfolio Concern affects the Licensee and the Portfolio Concern.

STRUCTURING LICENSEE'S FINANCING OF ELIGIBLE SMALL BUSINESSES: TYPES OF FINANCING

- 107.800 Financings in the form of Equity Securities.

- 107.810 Financings in the form of Loans.

- 107.815 Financings in the form of Debt Securities.

- 107.820 Financings in the form of guarantees.

- 107.825 Purchasing securities from an underwriter or other third party.

STRUCTURING LICENSEE'S FINANCING OF AN ELIGIBLE SMALL BUSINESS: TERMS AND CONDITIONS OF FINANCING

- 107.830 Minimum duration/term of financing.

- 107.835 Exceptions to minimum duration/term of Financing.

- 107.840 Maximum term of financing.

- 107.845 Maximum rate of amortization on Loans and Debt Securities.

- 107.850 Restrictions on redemption of Equity Securities.

- 107.855 Interest rate ceiling and limitations on fees charged to small businesses ("Cost of Money").

- 107.860 Financing fees and expense reimbursements a Licensee may receive from a small business.

- 107.865 Control of a small business by a Licensee.

- 107.880 Assets acquired in liquidation of Portfolio securities.

LIMITATIONS ON DISPOSITION OF ASSETS

- 107.885 Disposition of assets to Licensee's Associates or to competitors of Portfolio Concern.

MANAGEMENT SERVICES AND FEES

- 107.900 Management fees for services provided to a Small Business by Licensee or its Associate.

Subpart H—Non-leveraged Licensees—Exceptions to Regulations

- 107.1000 Licensees without leverage—exceptions to the regulations.

Subpart I—SBA Financial Assistance for Licensees (Leverage)

GENERAL INFORMATION ABOUT OBTAINING LEVERAGE

- 107.1100 Types of Leverage and application procedures.
- 107.1120 General eligibility requirements for Leverage.
- 107.1130 Leverage fees and additional charges payable by Licensee.
- 107.1140 Licensee's acceptance of SBA remedies under §§ 107.1800 through 107.1820.

MAXIMUM AMOUNT OF LEVERAGE FOR WHICH A LICENSEE IS ELIGIBLE

- 107.1150 Maximum amount of Leverage for a Section 301(c) Licensee.
- 107.1160 Maximum amount of Leverage for a Section 301(d) Licensee.
- 107.1170 Maximum amount of Participating Securities for any Licensee.

CONDITIONAL COMMITMENTS BY SBA TO RESERVE LEVERAGE FOR A LICENSEE

- 107.1200 SBA's Leverage commitment to a Licensee—application procedure, amount, and term.
- 107.1210 Payment of leverage fee upon receipt of commitment.
- 107.1220 Requirement for Licensee to file quarterly financial statements.
- 107.1230 Draw-downs by Licensee under SBA's Leverage commitment.
- 107.1240 Funding of Licensee's draw request through sale to short-term investor.

PREFERRED SECURITIES LEVERAGE—SECTION 301(d) LICENSEES

- 107.1400 Dividends or partnership distributions on 4 percent Preferred Securities.
- 107.1410 Requirement to redeem 4 percent Preferred Securities.
- 107.1420 Articles requirements for 4 percent Preferred Securities.
- 107.1430 Redeeming 4 percent Preferred Securities with proceeds of non-subsidized Debentures.
- 107.1440 Three percent preferred stock issued before November 21, 1989.
- 107.1450 Optional redemption of Preferred Securities.

PARTICIPATING SECURITIES LEVERAGE

- 107.1500 General description of Participating Securities.
- 107.1505 Liquidity requirements for Licensees issuing Participating Securities.
- 107.1510 How a Licensee computes Earmarked Profit (Loss).
- 107.1520 How a Licensee computes and allocates Prioritized Payments to SBA.
- 107.1530 How a Licensee computes SBA's Profit Participation.

- 107.1540 Distributions by Licensee—Prioritized Payments and Adjustments.
- 107.1550 Distributions by Licensee—permitted “tax Distributions” to private investors and SBA.
- 107.1560 Distributions by Licensee—required Distributions to private investors and SBA.
- 107.1570 Distributions by Licensee—optional Distribution to private investors and SBA.
- 107.1575 Distributions on other than Payment Dates.
- 107.1580 Special rules for In-Kind Distributions by Licensees.
- 107.1585 Exchange of Debentures for Participating Securities.
- 107.1590 Special rules for companies licensed on or before March 31, 1993.

FUNDING LEVERAGE BY USE OF SBA-GUARANTEED TRUST CERTIFICATES (“TCS”)

- 107.1600 SBA authority to issue and guarantee Trust Certificates.
- 107.1610 Effect of prepayment or early redemption of Leverage on a Trust Certificate.
- 107.1620 Functions of agents, including Central Registration Agent, Selling Agent and Fiscal Agent.
- 107.1630 SBA regulation of Brokers and Dealers and disclosure to purchasers of Leverage or Trust Certificates.
- 107.1640 SBA access to records of the CRA, Brokers, Dealers and Pool or Trust assemblers.

MISCELLANEOUS

- 107.1700 Transfer by SBA of its interest in Licensee's Leverage security.
- 107.1710 SBA authority to collect or compromise its claims.
- 107.1720 Characteristics of SBA's guarantee.

Subpart J—Licensee's Noncompliance With Terms of Leverage

- 107.1800 Licensee's agreement to terms and conditions in §§ 107.1810 and 107.1820.
- 107.1810 Events of default and SBA's remedies for Licensee's noncompliance with terms of Debentures.
- 107.1820 Conditions affecting issuers of Preferred Securities and/or Participating Securities.

COMPUTATION OF LICENSEE'S CAPITAL IMPAIRMENT

- 107.1830 Licensee's Capital Impairment—definition and general requirements.
- 107.1840 Computation of Licensee's Capital Impairment Percentage.
- 107.1850 Exceptions to Capital Impairment provisions for Licensees with outstanding Participating Securities.

Subpart K—Ending Operations as a Licensee

107.1900 Surrender of license.

Subpart L—Miscellaneous

107.1910 Non-waiver of SBA's rights or terms of Leverage security.

107.1920 Licensee's application for exemption from a regulation in this part 107.

107.1930 Effect of changes in this part 107 on transactions previously consummated.

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SOURCE: 61 FR 3189, Jan. 31, 1996, unless otherwise noted.

Subpart A—Introduction to Part 107

§ 107.20 Legal basis and applicability of this part 107.

(a) The regulations in this part implement Title III of the Small Business Investment Act of 1958, as amended. All Licensees must comply with all applicable regulations, accounting guidelines and valuation guidelines for Licensees.

(b) Provisions of this part which are not mandated by the Act shall not supersede existing State law. A party claiming that a conflict exists shall submit an opinion of independent counsel, citing authorities, for SBA's resolution of the issues involved.

§ 107.30 Amendments to Act and regulations.

A Licensee shall be subject to all existing and future provisions of the Act and parts 107 and 112 of title 13 of the Code of Federal Regulations.

§ 107.40 How to read this part 107.

(a) *Center Headings.* All references in this part to SBA forms, and instructions for their preparation, are to the current issue of such forms. Center headings are descriptive and are used for convenience only. They have no regulatory effect.

(b) *Capitalizing defined terms.* Terms defined in § 107.50 are capitalized in this part 107.

(c) The pronoun “you” as used in this part 107 means a Licensee or license ap-

plicant, as appropriate, unless otherwise noted.

Subpart B—Definition of Terms Used in Part 107

§ 107.50 Definition of terms.

Accumulated Prioritized Payments has the meaning set forth in § 107.1520.

Act means the Small Business Investment Act of 1958, as amended.

Adjustments has the meaning set forth in § 107.1520.

Affiliate or *Affiliates* has the meaning set forth in § 121.103 of this chapter.

Articles mean articles of incorporation or charter for a Corporate Licensee and the partnership agreement or certificate for a Partnership Licensee.

Assistance or *Assisted* means Financing of or management services rendered to a Small Business by a Licensee pursuant to the Act and these regulations.

Associate of a Licensee means any of the following:

(1)(i) An officer, director, employee or agent of a Corporate Licensee;

(ii) A Control Person, employee or agent of a Partnership Licensee;

(iii) An Investment Adviser/Manager of any Licensee, including any Person who contracts with a Control Person of a Partnership Licensee to be the Investment Adviser/Manager of such Licensee; or

(iv) Any Person regularly serving a Licensee on retainer in the capacity of attorney at law.

(2) Any Person who owns or controls, or who has entered into an agreement to own or control, directly or indirectly, at least 10 percent of any class of stock of a Corporate Licensee or a limited partner's interest of at least 10 percent of the partnership capital of a Partnership Licensee. However, a limited partner in a Partnership Licensee is not considered an Associate if such Person is an entity Institutional Investor whose investment in the Partnership, including commitments, represents no more than 33 percent of the partnership capital of the Licensee and no more than five percent of such Person's net worth.